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CAPE VERDE

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KEY ECONOMIC INDICATORS
(In millions of U.S. dollars unless noted)

Average Rates of Exchange: 1985: $1 = 93.0 escudos
1986: $1 = 81.7 escudos
1987: $1 = 72.2 escudos

	1985	1986	1987
Income			
Investment Income	-4.5	0.6	0.93
Remittances	13.6	23.4	27.86
GDP:			
Primary Sector	14.88	24.93	30.15
Agriculture, Fisheries and Silviculture	10.68	19.93	24.82
Artesanal Fisheries	3.42	4.1	0.42
Extractive Industries	0.78	0.74	0.42
Secondary Sector	26.31	30.01	34.04
Industrial Fisheries	1.56	1.41	1.94
Other industries	6.26	6.73	7.62
Electricity	0.68	0.83	0.40
Construction	17.54	19.96	23.02
Tertiary Sector	77.89	86.73	103.16
Commerce	34.68	37.31	43.25
Transport	15.21	15.17	18.20
Communications	1.94	3.23	9.21
Government services	12.04	13.98	16.29
Other services	14.03	17.05	21.22
GDP factors	119.09	141.68	167.36
Sales taxes	10.28	13.48	14.98
Subsidies	-1.0	-1.14	-1.29
GDP at market prices	128.37	146.12	181.06
Balance of Payments			
Balance of Currency Transfers	N/A	14.77	-7.96
Balance of Goods	-78.5	-85.94	-76.40
Exports	5.2	3.89	5.63
Imports	83.7	89.83	82.02
Services	N/A	15.45	7.49
Unilateral Transfers	N/A	55.72	0.61
Private	N/A	28.13	34.15
Public	N/A	27.54	26.81
Capital Movement	N/A	18.59	6.31
Private	N/A	0.25	21.17
Public	N/A	18.84	8.48
Errors and Omissions	N/A	-0.13	0.0
Overall Balance	N/A	3.69	-1.65
Domestic Economy			
Population	327,000	335,000	344,000
Per Capita GDP ($)	320.00	420.00	480.00

Sources: - Government of Cape Verde,
- Director General of Statistics
- Ministry of Planning and Cooperation
- The World Bank and FAO, Reports
- The Bank of Cape Verde, Department of Statistical Studies

Summary

The Cape Verdean economy, dependent upon imports, has experienced steady growth for the last several years despite fundamentally adverse conditions of drought and a drop in overall foreign assistance revenues. The services sector in 1986 and 1987 comprised roughly 60 percent of the Gross National Product (GNP). An important agrarian base engages well over half of the work force, including a large informal sector of parttime laborers. Despite Cape Verde's immense investment in agriculture, the sector yields only 20 percent of the country's GNP.

Since Cape Verde embarked on its Second National Development Plan (1986-90), efforts have been made to create an export-oriented strategy. A more liberalized foreign investment program has been set in motion. New development policies have been adopted in the key economic sectors of industry, tourism, transport services, and fisheries. Training and management development and financial sectors are now geared more toward the changing economic climate.

The Industrial Promotion Unit (IPU) of the Ministry of Industry and Energy was created in 1985 to facilitate relations with foreign investors and provide expert assistance in the areas of project identification and contract negotiations. Investors may address their inquiries to:

Industrial Promotion Unit
Ministry of Industry and Energy
Rua Bossa Nova
Praia, Cape Verde.

American investors are encouraged to strengthen existing bilateral ties with Cape Verde's entrepreneurial sector by investigating investment possibilities. In most economic sectors, particularly tourism, fisheries and transportation, crude infrastructures exist and are being improved in accordance with the Second National Development Plan. These sectors provide the best opportunities for foreign investment.

The Government of Cape Verde is currently drafting legal documents providing guidelines for foreign investment and trade. The documents are the Foreign Investment Code, a Statement on Industrial Policy, an Export Development Policy, and a guide to export credits. The IPU will provide technical assistance to foreign investors.

Current Economic Situation and Outlook

Following 2 favorable years of rainfall, in 1988 there was another drought in Cape Verde. As a result of poor rains and locust damage, agricultural production for 1988 fell by an estimated 50 percent. Production of staple crops of maize and beans was one-third of 1987's, and production of fruit and other cash crops, particularly bananas, declined after years of growth.

The Cape Verdean GNP has increased at a 5-year annual average real growth rate of 6.2 percent. Unemployment in Cape Verde is estimated at 25 percent overall and as high as 50 percent in the rural areas, where more than half of the population is located. In accordance with the Second National Development Plan, 15,400 new jobs must be created by 1990 to reduce unemployment to an acceptable level. In keeping with Cape Verde's conservative fiscal policy, inflation has remained at comparatively low levels of between 4 and 11 percent. Capital investment is almost totally financed by foreign assistance grants and concessionary loans. In 1987 these amounts totaled $33.5 million, slightly more than was granted in foreign technical assistance. External assistance, including food aid, came to $84 million in 1987, representing 46 percent of the GDP. Emigrant remittances for 1987 were $28 million, increasing by 5 percent and comprising 15 percent of the GDP, compared with almost 10 percent in 1986.

The destination and composition of exports for 1984, 1985, and 1986 were as follows:

	Percentage of Total Exports			
Country	1985	1986	1987	Products
Portugal	22.9	30.2	28.3	lobster, tuna, banana, hide
Algeria	21.3	38.8	19.4	frozen fish
Angola	--	32.1	4.3	drugs, garments
Cote d'Ivoire	17.8	--	--	N/A
France	8.7	3.4	5.5	lobster
Spain	8.2	--	0.4	lobster
Italy	6.1	--	11.0	tuna, lobster
Netherlands	1.6	2.3	1.2	tuna, ornamental stones

Portugal continues to be Cape Verde's major trading partner, while exports to African countries, such as Algeria and Angola, are significant. A large segment of Cape Verde's imports are from European Community countries (Portugal, the Netherlands,

West Germany, Italy, and the United Kingdom). The Cape Verdean Government, as well as the private entrepreneurial sector, is now looking to establish exports to new market areas.

Implications for the United States

The Government of Cape Verde wishes to attract foreign investment in all economic sectors. The best prospects for immediate investment are tourism, shipping, fisheries, and light assembly industries. Some examples of foreign investment are CABNAVE, a shipyard in Mindelo, Sao Vicente, which is a mixed public/private enterprise, and CERIS, a beer and soft drink manufacturer, which is a privately owned, Danish and Cape Verdean, concern. Although there are no official commercial contracts with American enterprises yet, there is a great demand for American goods and services. Interest in the United States is evidenced from the fully-booked, direct flights between Sal Island and Boston by TACV, the national airlines of Cape Verde. These flights are currently scheduled every 2 weeks.

Foreign assistance projects have introduced the Cape Verdean market to imported commodities, including basic foodstuffs and technological and industrial equipment. Three hundred and eighty-three technical assistance projects are providing expertise in the areas of planning and development, natural resources, agriculture, fisheries, industry, transportation and communications, international commerce, finance, population, health, housing, education, training, law, justice, culture, science and technology. One hundred and seventy-six financial assistance projects function in all of the above-mentioned areas, as well as in humanitarian aid and relief work. There are also 17 food aid and 22 regional cooperation projects. American assistance to Cape Verde is coordinated by the U.S. Agency for International Development, which has administered projects involving watershed management, water desalinization, food crop research, and export development services.

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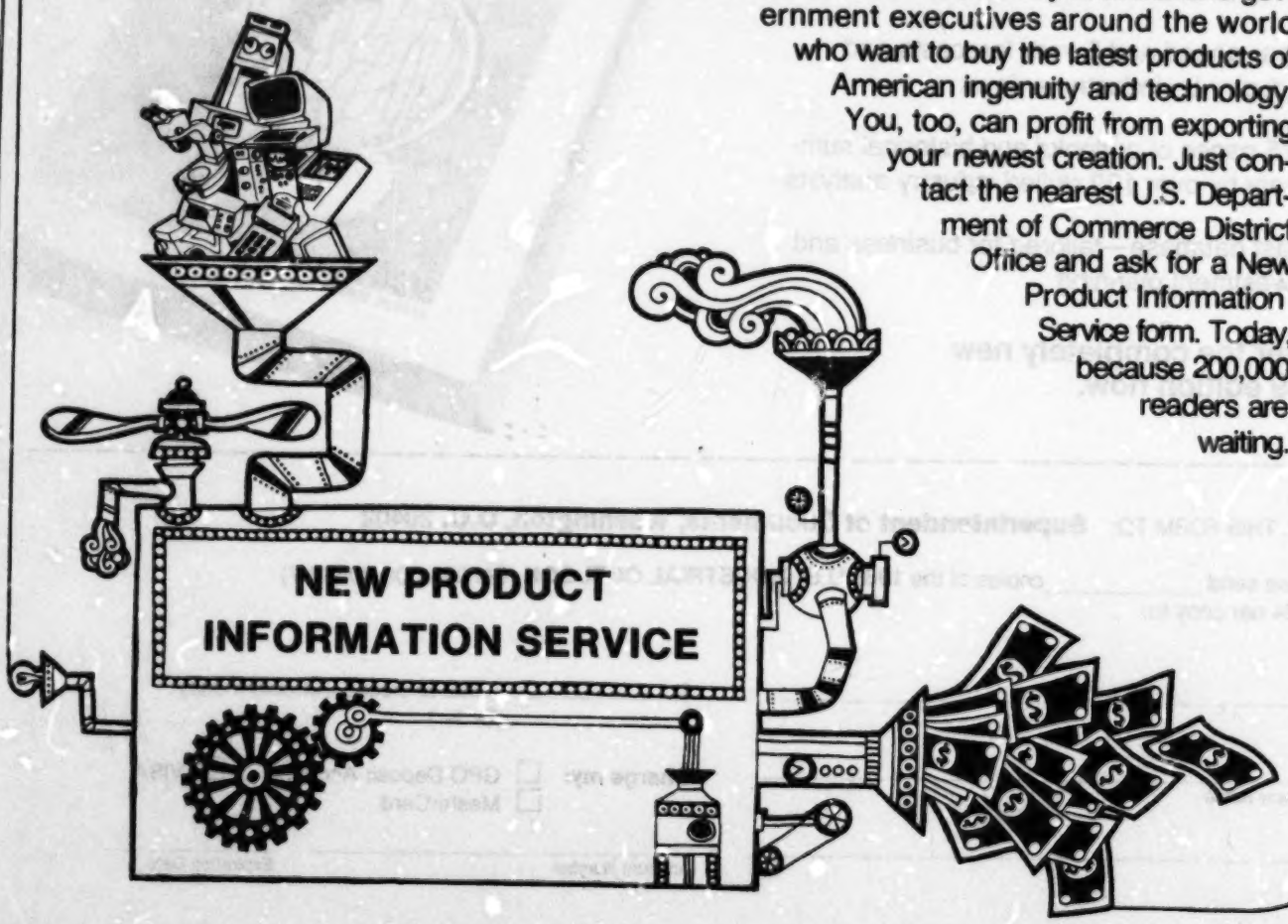

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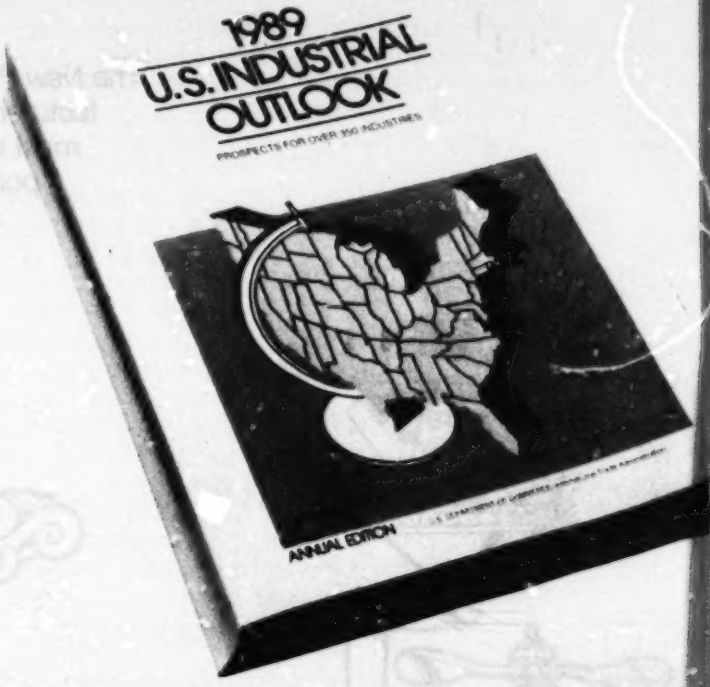

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